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The Honorable Kathy Levitz
Deputy Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W.
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November 9, 1995

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PAUL RODGERS
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Re: NARUC EX PARTE COMMENTS - Two Copies Filed In the following proceedings:

In the Matter of Billed Party Preference for 0+ InterLATA Calls CC Docket No. 92-77

In the Matter of the National Association of Attorneys General Petition for Rulemaking RM-8606

Dear Ms. Levitz:

Earlier this year, the FCC sought comments on a "rate cap" proposal filed in CC Docket No. 92-77, and a National Association of Attorneys General (NAAG) Petition for Rulemaking filed in RM-8606. The "rate cap" proposal, jointly submitted by Bell Atlantic, BellSouth, NYNEX, US West, MFS, TCG, the Competitive Telecommunications Association, and the American Public Communications Council, asks the FCC to impose a rate cap on "0+" Operator Service Provider (OSP) calls as an alternative to Billed Party Preference (BPP) because a cap can be implemented more quickly and less expensively. They propose a cap of \$3.75 for a one minute collect, calling-card, or third party billed call and \$4.75 for a one minute person-to-person call. The NAAG proposal calls for increased disclosures by OSPs on calls. NAAG asks the FCC to require OSPs to inform callers if their rates exceed those of the dominant carrier.

The coalition's rate cap level does not appear effective in protecting consumers using an OSP to place "0+" interstate calls because the rates are "excessively high." Accordingly, in late July, after the comment cycle closed, the National Association of Regulatory Utility Commissioners (NARUC) passed a resolution addressing issues raised by these petitions.

**The Honorable Kathy Levitz, Deputy Chief, Common Carrier Bureau
Federal Communications Commission
NARUC'S November 9, 1995 WRITTEN EX PARTE PRESENTATION**

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I have attached a copy of the July 26, 1995 resolution for your information and review.

There are a few aspects of the resolution that I would like to call to the FCC's attention. Specifically, the July Resolution suggests the following with regard to these requests:

- o **NARUC continues to support the BPP concept and encourages the FCC to act expeditiously to determine if BPP implementation is justified in light of the costs and jurisdictional issues;**
- o **NARUC DOES NOT SUPPORT THE PROPOSED RATES OF \$3.75 AND \$4.75 BECAUSE THEY ARE "EXCESSIVELY HIGH", BUT DOES "SUPPORT THE CONCEPT OF AN EFFECTIVE RATE CAP ON INTERSTATE "0+" CALLS AND EXPANDING BRANDING REQUIREMENTS (RATE DISCLOSURE), AS AN INTERIM MEASURE ONLY;" and**
- o **NARUC opposes FCC rules precluding States from adopting more safeguards and/or more stringent rules regarding OSPs.**

NARUC respectfully requests that the Commission carefully examine and implement the proposals described in this letter. If you have any questions concerning this filing, or you need more information on NARUC's position, please do not hesitate to call me at 202-898-2200.

Pursuant to 47 C.F.R. §§ 1.1204-6, I am submitting, for the record, two copies of this letter for filing in each of the above-captioned proceedings.

Respectfully submitted,



**James Bradford Ramsay
Deputy Assistant General Counsel**

**cc: Chairman Reed Hundt
Commissioner James Quello
Commissioner Andrew Barrett
Commissioner Rachelle Chong
Commissioner Susan Ness
Regina Keeney, Chief, Common Carrier Bureau
Janice Miles, Paralegal Specialist, Common Carrier Bureau**

Resolution on Rate Caps and Branding For Operator Service Providers

WHEREAS, Operator Service generally refers to any service using live or automated operator functions for the handling of telephone service, such as toll calling via collect, third number billing, and calling card services; and

WHEREAS, An Operator Service Provider (OSP) is defined as any person or entity that provides operator services to pay telephones (or the general public) by using either live or automated operator functions; and

WHEREAS, State commissions and the Federal Communications Commission have received a great deal of complaints regarding exorbitant rates charged by OSPs at pay telephones;

WHEREAS, The Federal Communications Commission (FCC) has an ongoing notice of proposed rulemaking in CC Docket No. 92-77 regarding Billed Party Preference (BPP); and

WHEREAS, Billed Party Preference would create a database that would automatically route "0+" and "0-" calls to the preferred carrier of the party paying for the call; and

WHEREAS, The cost of implementing BPP has been estimated by some parties to be approximately \$2 billion; and

WHEREAS, Because of these cost concerns the National Association of Regulatory Utility Commissioners (NARUC) has passed resolutions during its summer meetings in 1989, 1992 and 1994 urging the FCC to examine the costs and benefits of BPP carefully and to ensure that the costs are not inappropriately allocated to the intrastate jurisdiction; and

WHEREAS, On March 7, 1995, in ex parte comments filed in CC 92-77 a coalition made up of Bell Atlantic Corp., BellSouth Telecommunications Inc., NYNEX Corp., US West, Inc., MFS Communications Co., Teleport Communications Group, the Competitive Telecommunications Association, and the American Public Communications Council asked the FCC to adopt a plan that would impose a rate cap on "0+" OSP calls as an alternative to BPP because it can be implemented more quickly and less expensively than BPP; and

WHEREAS, The rate cap proposed by the coalition would establish a cap of \$3.75 for a one minute collect, calling-card, or third party billed call and \$4.75 for a one minute person-to-person call, with charges for additional minutes; and

WHEREAS, The coalition's rate cap level does not appear effective in protecting consumers using an OSP to place "0+" interstate calls because the rates are excessively high; and

WHEREAS, The National Association of Attorneys General (NAAG) filed a Petition for Rulemaking in RM-8606, that calls for increased disclosures (branding) by OSPs on calls. The NAAG proposal would require OSPs to inform callers if their rates exceed those of the dominant carrier; and

WHEREAS, The FCC released a Public Notice on March 13, 1995 advising that the comments filed in association with CC 92-77 and RM 8606 be consolidated and filed by April 12, 1995; now, therefore, be it

RESOLVED, That the Executive Committee of the National Association of Regulatory Utility Commissioners (NARUC), convened in its 1995 Summer Meeting in San Francisco, California continues to support the concept of Billed Party Preference (BPP) and encourages the FCC to act expeditiously to determine if the implementation of BPP is justified in light of the costs and jurisdictional issues; and be it further

RESOLVED, That the NARUC does not support the proposed rates of \$3.75 and \$4.75 because they are excessively high, but does support the concept of an effective rate cap on interstate "0+" calls and expanding branding requirements (rate disclosure), as an interim measure only; and be it further

RESOLVED, That the NARUC opposes FCC rules precluding states from the adoption of additional safeguards and/or more stringent rules regarding OSPs; and be it further

RESOLVED, That the NARUC General Counsel will file late-filed comments concerning NARUC's position on CC 92-77 and RM-8606 with the FCC and will distribute this resolution for consideration.

Sponsored by the NARUC Committee on Communications
Adopted July 26, 1995